

## I. Introduction

### A. Why Examine the Creative Economy?

North Carolina has long been well known for its success in manufacturing, first non-durable goods and later technology-intensive products. But the state is also known for a rich cultural heritage that is rooted in its history and the arts. For the second half of the twentieth century, manufacturing was considered its economic base, the arts its cultural base. The state's two assets remained separate and unequal—as resources streamed into the economic base but only slowly trickled into the cultural base. That imbalance has begun to shift, however, as mass production industries continue to contract while creative industries expand. Creative enterprises now affect North Carolina's economy in significant ways: even looking only at wages (including receipts for the self-employed), the creative enterprise cluster infused more than \$3.9 billion into North Carolina's economy.

As globalization brings advanced economies into ever closer competition with each other, creativity is becoming an increasingly critical competitive advantage. The stature of the arts is rising substantially with respect to economic development, for a number of reasons. First, the arts represent a **direct source of jobs and wealth** that is undervalued and undercounted as a share of local economies. The people and companies that produce and use art or design—for example, the artists, performers, architects, publishers, graphic designers, animation, and advertising agencies—and those that produce films and videos, leisure software, fashion apparel, and ornamental woodwork together make up large shares of many regional economies. Some of the creative industries are widely recognized; for example, the global market for the music industry last year was \$37 billion. But many of the companies and individuals who earn livings from the arts are micro-enterprises, freelancers, entrepreneurs, secondary businesses, or classified with non-arts-related sectors, and thus the true scale of the creative economy is nearly always vastly underestimated.

Secondly, when the arts or design are embedded in products and services, they can provide a **competitive advantage that can resist globalization tendencies**. Arts and design can be used in products and packaging to create emotional associations with and value to consumers based on appeal or connections to company, brand, designer, or place. The hosiery companies around Hickory are moving towards higher-end designs to establish niches in shorter-run, designer, higher-priced goods.

The third reason is that **creative economies result in induced economic benefits**. Amenities and other distinguishing local cultural or creative features that are often linked to arts and culture are important factors in attracting and keeping talented people and companies. Young and talented personnel are quite mobile and tend to go where there is a vibrant and creative environment. Technology-intensive companies, therefore, also look for this creative milieu that can both inspire and attract talent.